

STATE OF HAWAII  
Accounting Manual

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Volume III

Part 300: Deductions from Gross Payroll

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SECTION 323: RYUKYUAN WITHHOLDING TAX

General Comments

Ryukyuan withholding taxes are applicable to University of Hawaii personnel who are working in Okinawa in conjunction with the Medical Education Program for the Ryukyu Islands.

In accordance with the provisions of Ryukyuan income tax law, the University is required to withhold and remit such taxes to the Government of the Ryukyu Islands. The amount of taxes so withheld is computed from tax tables set forth in the Government of the Ryukyu Islands Civil Administration Ordinance No. 114 entitled, "Withholding Income Tax Amount Table for Earned Income (Ryukyuan Income Tax) Foreign National Only".

In general, the above-mentioned personnel who are citizens of the U.S. may qualify for the exemption of income from Federal taxation under the bonafide residence or physical presence rules of the Internal Revenue Code of 1954, subject to the limitations on amounts excludable as provided by law. The pamphlet, "Tax Guide for U.S. Citizens Abroad", explains the conditions under which U.S. citizens residing or working abroad are liable for or exempt from Federal taxes.

Legal Provisions

In addition to the above statutory references, Act 44 of 1952 of the Ryukyuan income tax law, as amended and supplemented by U.S. Civil Administration (CA) Ordinance 114, 21 July 1953, as amended, provides the legal base governing the taxability of all income earned by the University of Hawaii personnel as a result of the performance of service, pursuant to contract or otherwise, in the Ryukyu Islands.

Form

The PAYROLL ASSIGNMENT REGISTER (RYUKYUAN WITHHOLDING TAX), a computer printout that lists names and withholding amounts, is the "form" that is utilized in the following procedures. For illustration of the "form", refer to report illustrations in the Appendix.

Procedures

The General Statutory Deduction Procedures as presented in SECTION 320: STATUTORY DEDUCTIONS are followed in processing Ryukyuan withholding tax applications, changes, or cancellations of assignments.

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Procedures (cont'd.)

UNIVERSITY OF HAWAII PROCEDURES:

A. Preparation, Review, and Routing of the Form.

1. Copy #2 of the prior payroll period's PAYROLL ASSIGNMENT REGISTER (RYUKYUAN WITHHOLDING TAX) is the source document from which withholding tax amounts for each employee are obtained. Using this "form", the departmental office responsible performs the following tasks:
  - a. Lines out information which is intended to be deleted in its entirety;
  - b. Lines out information which has been superseded and inserts the corresponding changes;
  - c. Inserts new information, for additions to the register, in alphabetical order, by name;
  - d. For registers resulting from the first pay period of the month, lines out the columnar heading "1st Half" and inserts above it the wording "2nd Half";
  - e. For registers resulting from the second pay period of the month, lines out the columnar heading "2nd Half" and inserts above it the wording "1st Half".
2. The foregoing "form" is submitted to Central Payroll by 4:30 p.m. of the 6th work day before pay day.

B. Receipt and Disposition of the State of Hawaii WARRANT.

A State of Hawaii WARRANT is received from Central Payroll, together with the PAYROLL ASSIGNMENT REGISTER (RYUKYUAN WITHHOLDING TAX), and it is remitted to the Chief, Non-Ryukyuan Tax Office, Government of the Ryukyu Islands, Naha, Okinawa, with an appropriate advice covering the withholdings, as determined by the University of Hawaii.

September 1, 1973